

Message Text

SECRET

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ACTION SS-30

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FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC IMMEDIATE 3777

S E C R E T SECTION 1 OF 2 KINGSTON 0206/1

EXDIS

E.O. 11652: GDS

TAGS: EMIN, PINT, JM

SUBJ: BAUXITE NEGOTIATIONS SITREP 7

REF: KINGSTON 205

1. MEYER MATALON PASSED BY DCM RESIDENCE TUESDAY EVENING TO DELIVER A COPY OF THE BAUXITE COMMISSION REPORT, AND TO DISCUSS WITH CHARGE A MEETING HE HAD HAD WITH PM MANLEY THAT MORNING. THE MEETING, WHICH LASTED OVER AN HOUR, HAD BEEN REQUESTED BY MANLEY IMMEDIATELY UPON HIS RETURN FROM LONDON MONDAY EVENING. MATALON SAID THE MEETING WAS ONE-ON-ONE, AND HE GAVE THE PM A FRANK APPRAISAL OF THE BAUXITE COMMISSION REPORT AS WELL AS HIS OWN ESTIMATE OF THE STRENGTH AND WEAKNESSES OF JAMAICA'S POSITION IN THE FORTHCOMING NEGOTIATIONS.

2. MATALON REPORTED THAT PM SAW SERIOUS PROBLEMS WITH PROPOSAL "A" IN THE COMMISSION'S REPORT (REFTEL), BUT WAS ATTRACTED TO PROPOSAL "B". HE SAID HE POINTED OUT TO THE PM THAT EVEN PROPOSAL "B" HAD GRAVE DIFFICULTIES IN ITS PRESENT FORM, BUT ADDED THAT HE AGREED WITH THE PM IN PRINCIPLE THAT THE COMPANIES COULD NOT BE ALLOWED TO SIT UPON EXTENSIVE RESERVES WHICH THEY HAD NO INTENTION OF EXPLOITING IN THIS CENTURY. MATALON MADE CLEAR TO THE PM, HOWEVER, HIS OWN VIEW THAT THE MAIN ISSUE AT STAKE WAS NOT THE LANDS AND RESERVES QUESTION BUT THE LEVEL OF REVENUES ACCRUING TO THE GOVT, AND THAT THIS SHOULD BE THE MAIN FOCUS OF THE FORTHCOMING NEGOTIATIONS.

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3. MATALON REPORTED THAT HE AND THE PM DISCUSSED HOW THE NEGOT-

IATIONS SHOULD BE CONDUCTED, AND BY WHOM, AT CONSIDERABLE LENGTH. HE SAID HE TOLD THE PM THAT IT WOULD BE DISASTROUS IF THE PM HIMSELF ATTEMPTED TO LEAD THE JAMAICAN NEGOTIATING TEAM (AS HE SUSPECTED THE PM SECRETLY HOPED TO DO). HE SAID THE PM VIGOROUSLY DENIED ANY SUCH INTENTION. BY THE SAME TOKEN, MATALON TOLD THE PM THAT ARTHUR BROWN, ALLAN ISAACS, AND SIR EGERTON RICHARDSON, SHOULD NOT LEAD THE NEGOTIATING TEAM, EACH FOR DIFFERENT REASONS. HE DESCRIBED ISAACS AS AN OLD FUDDY-DUDDY WHO WOULD SNARL THE NEGOTIATIONS IN NO TIME. HE SAID ARTHUR BROWN WAS OUT BECAUSE OF HIS PROMINENT ROLE IN NEGOTIATING THE ORIGINAL BAUXITE AGREEMENTS WHICH WERE, IN MANY OF THEIR FEATURES, VERY UNSUCCESSFUL FROM JAMAICA'S VIEWPOINT. MATALON SAID HE TOLD THE PM THAT A NEGOTIATING TEAM LED BY SIR EGERTON RICHARDSON WOULD PRODUCE AN IMMEDIATE POLITICAL CONFRONTATION BETWEEN JAMAICA AND THE US WITH DISASTROUS RESULTS NOT ONLY FOR THE BAUXITE NEGOTIATIONS BUT FOR THE JAMAICAN ECONOMY.

4. MATALON SAID THE PM SEEMED TO BUY HIS REASONING ON BROWN AND ISAACS BUT SAID THAT FOR A VARIETY OF REASONS IT MIGHT BE DIFFICULT FOR HIM TO KEEP SIR EGERTON RICHARDSON OUT OF THE NEGOTIATIONS ALTOGETHER. HE THEN ASKED MATALON IF HE WOULD BE WILLING TO HEAD A THREE-MAN NEGOTIATING TEAM INCLUDING PATRICK ROUSSEAU, CHAIRMAN OF THE BAUXITE COMMISSION, AND HORACE BARBER, PERM UNDERSECRETARY OF MINISTRY OF FINANCE, AS THE OTHER TWO MEMEBERS. MATALON REPLIED THAT HE WAS AGREEABLE IN PRINCIPLE AND WOULD HAVE TO DISCUSS THE POSITION WITH ROUSSEAU AND BARBER BEFORE HE COULD COMMIT HIMSELF FINALLY TO THE PM, SINCE HE FELT HE COULD NOT LEAD A TEAM WITHIN WHICH THERE WERE FUNDAMENTAL DISAGREEMENTS ON POLICY OF PRINCIPLE.

5. PM TOLD MATALON THAT HE WAS CONSIDERING INVITING THE CHIEF EXECUTIVE OFFICERS OF THE ALUMINUM COMPANIES TO JAMAICA FOR A MEETING WITH HIM IN MID-FEBRUARY AND ASKED WHAT MATALON THOUGHT OF THIS SCHEME. MATALON REPLIED THAT SUMMITRY OF THIS NATURE WOULD BE DISASTROUS AT THE BEGINNING OF A NEGOTIATION, AND WOULD TEND TO FREEZE ALL THE PARTIES IN THEIR OPENING POSITIONS. HE ADDED THAT HE FELT THAT THERE WAS NO REASON TO DELAY FURTHER IN COMMENCING THE NEGOTIATIONS. HE SAID JAMAICA WOULDN'T KNOW ANY MORE IN A MONTH THAN IT DOES NOW ABOUT THE ALUMINUM INDUSTRY, AND THAT THE PM HAD A BUDGET TO WRITE IN THE SPRING.

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GIVEN THE PROBABILITY THAT THE NEGOTIATIONS WOULD TAKE FROM TWO TO THREE MONTHS THEY MUST BEGIN NOW IF THE PM WAS GOING TO WRITE HIS NEXT YEAR'S BUDGET ON THE BASIS OF NEW CONTRACTS WITH THE COMPANIES.

6. MATALON SAID THE PM INDICATED HIS PREFERENCE FOR DEALING WITH THE COMPANIES ONE BY ONE BEGINNING WITH KAISER WHICH WAS REGARDED AS THE SOFTEST AND ENDING WITH REYNOLDS LOOKED UPON AS THE TOUGH-

EST CONTENDER. MATALON SAID THAT THIS WAS AN OLD LABOR NEGOTIATOR'S TRICK AND HE WAS NOT SURPRISED THAT THE PM PREFERRED IT GIVEN HIS BACKGROUND AS A LABOR NEGOTIATOR. MATALON SAID THAT HE HIMSELF WOULD PREFER THE SIMULTANEOUS NEGOTIATING OF A MODEL OR SKELETON CONTRACT EMBODYING BASIC PRINCIPLES WHICH COULD THEN BE APPLIED TO THE PARTICULAR CIRCUMSTANCES OF EACH COMPANY IN INDIVIDUAL NEGOTIATIONS.

7. MATALON SAID THAT FOR SOME MAD REASON THE COMPANIES

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S E C R E T SECTION 2 OF 2 KINGSTON 0206/2

EXDIS

ALSO FAVORED INDIVIDUAL NEGOTIATIONS AT THE PRESENT TIME AND INTENDED TO USE THEIR JAMAICAN ATTORNEYS AS NEGOTIATORS RATHER THAN COMPANY OFFICERS OR OUTSIDERS HIRED FOR THE PURPOSE. THEIR PREFERENCE IS APPARENTLY BASED ON THE NOTION THAT THEIR JAMAICAN ATTORNEYS COULD SAY THINGS AND TAKE POSITIONS THAT AMERICANS COULD NOT. MATALON SAID THAT HE HIMSELF THOUGHT THE COMPANIES VIEWS WERE SHORTSIGHTED AND THAT, GIVEN THE MENTALITY OF MOST JAMAICAN LAWYERS, THE DECISION TO USE THEM AS NEGOTIATORS WAS MORE LIKELY TO PRODUCE A CONFRONTATION THAN NOT. IN PARTICULAR, HE SAID THAT IF DEREK STONE, ATTORNEY FOR BOTH KAISER AND REYNOLDS, WAS ONE OF THE CHIEF NEGOTIATORS, HE (MATALON) WOULD SIMPLY WITHDRAW FROM THE NEGOTIATIONS

8. COMMENT: THERE IS NO DOUBT THAT MATALON IS TRYING TO PROMOTE HIMSELF INTO THE JOB OF CHIEF NEGOTIATOR FOR THE GOJ IN THE FORTHCOMING BAUXITE NEGOTIATIONS. WHILE HE WOULD BE A HARD BARGAINER HE IS INTELLIGENT AND FAIR-

MINDED, AND HIS CAPTURE OF THIS KEY POSITION WOULD CERTAINLY BE MORE IN THE INTERESTS OF THE UNITED STATES AND THE COMPANIES THAN ANY OF THE OTHER CANDIDATES MENTIONED ABOVE WITH THE POSSIBLE EXCEPTION OF ARTHUR BROWN. WE FIND IT EASY TO UNDERSTAND MATALON'S ARGUMENTS AGAINST THE EMPLOYMENT BY THE COMPANIES OF THEIR JAMAICAN ATTORNEYS AS THE CHIEF NEGOTIATORS BUT HAVE NO EXPLANATION FOR MATALON'S VIOLENT REACTION TO DEREK STONE WHO IS WELL AND FAVORABLEY KNOWN TO CHARGE. WHATEVER THE PROBLEM
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BETWEEN THEM, IT IS APPARENTLY OF MANY YEARS STANDING. WE AGREE WITH MATALON THAT SIR EGERTON RICHARDSON'S CHAIRMANSHIP OF THE BOJ NEGOTIATING TEAM WOULD HAVE EXTREMELY SERIOUS CONSEQUENCES, AND EVEN HIS PRESENCE ON THE TEAM MIGHT SERIOUSLY DISTURB THE CONSTRUCTIVE PROGRESS OF THE NEGOTIATIONS. HENCE THE PM'S APPARENT INTENTION TO USE HIM IN SOME CAPACITY IN THE NEGOTIATIONS IS OMINOUS. HEWITT

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